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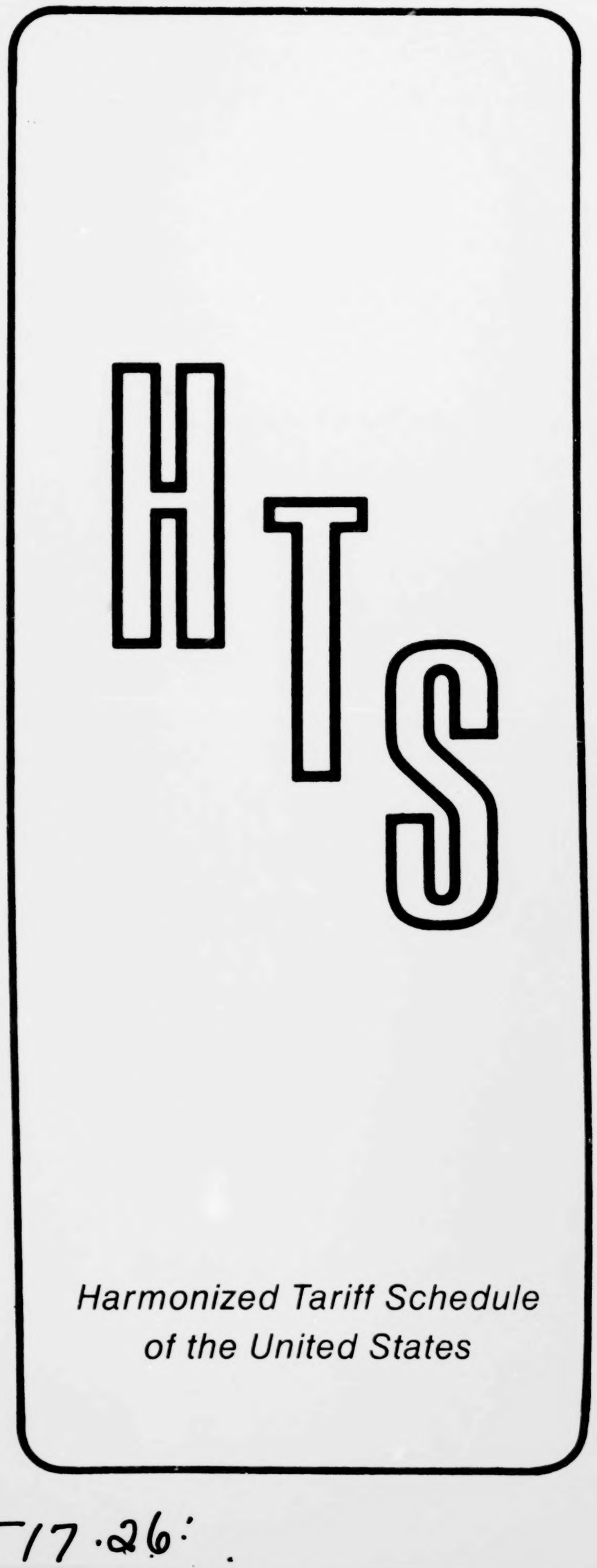

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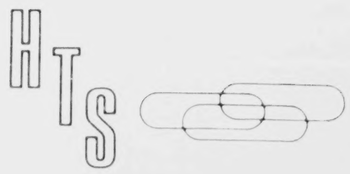

The United States adopted a new customs tariff based on the Harmonized Commodity Description and Coding System on January 1, 1989, known as the Harmonized Tariff Schedule of the United States (HTSUS).

What is the Harmonized Tariff Schedule?

The Harmonized Tariff Schedule of the United States is a multipurpose international goods classification system designed for use by manufacturers, transporters, exporters, importers, Customs statisticians, and others in classifying goods moving in international trade under a single commodity code.

Who developed the HTSUS?

It was developed under the auspices of the Customs Cooperation Council (CCC), an international customs organization in Brussels, Belgium, with the active participation of U.S. Government and industry as well as our major trading partners and members of the international trade and transportation communities. Sixty countries, fourteen government international organizations, nine private international organizations and two national trade facilitation organizations participated in the development of the HTSUS.

What are its benefits?

The use of the same code for imports and exports, as well as transportation purposes, saves considerable time and money for those involved in international trade because goods do not have to be recoded and redescribed as they move from country to country and from system to system. Use of the HTSUS also increases the accuracy of international trade statistics which makes it easier to compare trade data, increase certainty and understanding in international trade negotiations, and simplify the verification of product classification.

In contrast, the former tariff system, Tariff Schedule of the United States, Annotated (TSUSA), was a system used only by the U.S. for imported goods. Thus, goods exported from foreign countries had to be reclassified/recoded if they were imported into the U.S., and U.S. exports carried different classification codes than U.S. imports.

Who may use the HTSUS?

While developed primarily as a goods classification system for Customs purposes, the HTSUS takes into account the interests of others in the international trade community and is intended to serve as a "core" system which can be used as is or expanded for specific uses (tariffs, freight rates, statistics, etc.) by all engaged in international trade.

How is it structured?

It is a hierarchically structured product nomenclature containing approximately 5,000 headings and subheadings describing the articles moving in international trade, starting with agricultural products and progressing to manufactured products. It is organized into 99 chapters arranged in 22 sections with the sections generally covering an industry (e.g. Section XI, Textiles and Textile Articles) and the chapters covering the various materials and products of the industry (e.g. Chapter 50 - Silk; Chapter 55 - Manmade staple fibers; Chapter 57 - Carpets and other textile floor coverings; and Chapter 61 - knitted or crocheted apparel and clothing accessories).

The basic code contains 4-digit headings and 6-digit subheadings. The U.S. and other developed countries added digits for tariff and statistical purposes. In the U.S., duty rates are at the 8-digit level and statistical suffixes at the 10-digit level.

How does it differ from the TSUSA, the former U.S. import code?

The TSUSA consisted of a 5-digit code for tariff rates with an additional two digits for statistical purposes divided into eight schedules whereas the HTSUS consists of 8-digit tariff rate lines with an additional two digits for statistical purposes and is divided into 99 Chapters (97 for international purposes and two for national purposes).

Did adoption the HTSUS change duty rates?

Adoption of the HTSUS was as rate-neutral as possible. However, in some instances duty rates may be increased, but some will also be reduced. In addition, some goods may be subject to different rates because they are classified differently under the HTSUS than under the TSUSA.

Will it affect GSP or other special trade arrangements?

No.

Will other countries adopt the HTSUS?

Yes, it is expected that all of our major trading partners will adopt the HTSUS and use it for imports and exports.

How will classification rulings on prospective imports be issued under the HTSUS?

For information on obtaining classification rulings, contact your local Customs office.

Will adoption of the HTSUS affect importers' rights?

Not at all. Importers have the same rights under HTSUS as they did under the TSUSA.

Who will be responsible for determining the classification of goods entering the U.S.? U.S. Customs or the Customs Cooperation Council?

The U.S. Customs Service will continue to determine the classification of goods imported into the United States and its decisions will be subject to review by U.S. Courts just as under the TSUSA.

What about export classification advice?

Use of the HTSUS by the U.S. and its major trading partners should facilitate U.S. exports because goods will be classified in the same basic code by all parties concerned. Use of the HTSUS should also make it possible for the Government to provide exporters with accurate advisory opinions as to the classification of their goods in other countries. However, it will always be up to the country of importation to make the final determination with respect to the classification of merchandise entering its country.

Since our major trading partners will be using the same system through the first 6 digits, what will happen if there are disagreements between countries over the classification of goods?

The Harmonized Commodity Description and Coding System Convention provides that any dispute between countries concerning the classification of goods shall, if possible, be settled by negotiations between the countries. If it cannot be settled by direct negotiations then the questions may be referred to the Harmonized System Committee and ultimately the Customs Cooperation Council for a recommendation as to settlement. However, any recommendation must be accepted by the disputing parties to resolve the dispute.

How can I obtain a copy of the HTSUS?

Write: Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Request USITC Publication 2030, Harmonized Tariff Schedule of the United States, First Edition, Supplement 2. Also request all supplements to this Document.

When will the HTSUS become effective?

The Harmonized Tariff Schedule became effective in the U.S. on January 1, 1989.

Are there instructions on operational procedures for importing under the HTSUS?

U.S. Customs has issued a series of HTSUS fact sheets which provide instructions on entry procedures, statistical reporting and import restraints under the HTSUS. You may obtain copies of these fact sheets by contacting your local Customs office.

Where can I get more information on the HTSUS and its impact on me?

For further information about the HTSUS, contact your local Customs office.

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